

1 KELLER BENVENUTTI KIM LLP
2 Tobias S. Keller (#151445)
(tkeller@kbkllp.com)
3 Peter J. Benvenuti (#60566)
(pbenvenuti@kbkllp.com)
4 Jane Kim (#298192)
(jkim@kbkllp.com)
5 650 California Street, Suite 1900
San Francisco, CA 94108
6 Tel: 415 496 6723
Fax: 650 636 9251

7 *Attorneys for Debtors and Reorganized Debtors*

9
10 **UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

12 **In re:**

13 **PG&E CORPORATION,**

14 **- and -**

15 **PACIFIC GAS AND ELECTRIC
COMPANY,**

17 **Debtors.**

- 18 Affects PG&E Corporation
19 Affects Pacific Gas and Electric Company
 Affects both Debtors

20 * *All papers shall be filed in the Lead Case, No.
19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' SIXTH
OMNIBUS OBJECTION TO CLAIMS
(SATISFIED CLAIMS)**

**Response Deadline:
September 29, 2020, 4:00 p.m. (PT)**

Hearing Information If Timely Response Made:

Date: October 13, 2020

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)
United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

1 TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY
2 JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED
2 CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:

3 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
4 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to
5 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the
6 “**Chapter 11 Cases**”) hereby submit this sixth omnibus objection (the “**Objection**”) to the Proofs of
7 Claim (as defined below) identified in the column headed “Claims To Be Disallowed and Expunged” on
8 Exhibit 1 annexed hereto.

9 **I. JURISDICTION**

10 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334. This matter is
11 a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28
12 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested are section 502 of Title 11 of
13 the United States Code (the “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy
14 Procedure (collectively, the “**Bankruptcy Rules**”).

15 **II. BACKGROUND**

16 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
17 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
18 Debtors continued to operate their businesses and manage their properties as debtors in possession
19 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
20 in either of the Chapter 11 Cases. The Debtors’ Chapter 11 Cases are being jointly administered for
21 procedural purposes only pursuant to Bankruptcy Rule 1015(b).

22 On February 12, 2019, the United States Trustee (the “**U.S. Trustee**”) appointed an Official
23 Committee of Unsecured Creditors (the “**Creditors Committee**”). On February 15, 2019, the U.S.
24 Trustee appointed an Official Committee of Tort Claimants (the “**Tort Claimants Committee**” and,
25 together with the Creditors Committee, the “**Committees**”).

26 Additional information regarding the circumstances leading to the commencement of the Chapter
27 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the
28

1 Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief [Docket
2 No. 263].

3 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

17 By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors' and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be further modified, amended or supplemented from time to time, and together with any exhibits or scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective Date**”). See Dkt. No. 8252.

22 **III. RELIEF REQUESTED**

23 The Reorganized Debtors file this Objection pursuant to section 502 of the Bankruptcy Code, Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”)

27 ¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 seeking entry of an order disallowing Proofs of Claim that the Reorganized Debtors have determined
2 were satisfied or released during or prior to these Chapter 11 Cases in accordance with the Bankruptcy
3 Code, any applicable rules, or Court orders (the “**Satisfied Claims**”). The Satisfied Claims are identified
4 on **Exhibit 1**, in the columns headed “Claims To Be Disallowed and Expunged.” Exhibit 1 also identifies
5 in the “Basis for Objection” that the Satisfied Claims are classified as one of the following:

6 (1) “Beneficial Bondholder Claims,” which means that the Satisfied Claims were asserted by
7 individual bondholders and are redundant of claims held by (a) BOKF, NA, in its capacity as successor
8 indenture trustee under the Indentures dated as of (i) April 22, 2005 Supplementing, Amending and
9 Restating the Indenture of Mortgage Dated March 11, 2004 (ii) November 29, 2017 and (iii) August 6,
10 2018, each as supplemented or amended and (b) Deutsche Bank National Trust Company, in its capacity
11 as Indenture Trustee under the Indentures dated as of (i) September 1, 2008 and (ii) April 1, 2010. Not
12 only are these Satisfied Claims essentially duplicative of each respective indenture trustee’s claims, they
13 also have been satisfied pursuant to the Plan.

14 (2) “Cure Payments,” referring to Claims paid in their entirety as a cure as part of the assumption
15 of an executory contract pursuant to the Plan.

16 (3) “Tax Claims,” meaning claims relating to property and other taxes that have been paid by
17 the Debtors and Reorganized Debtors either pursuant to the *Final Order Pursuant to 11 U.S.C. §§ 105(a),*
18 *363(b), 507(a), and 541 and Fed. R. Bankr. P. 6003 and 6004 Authorizing Debtors to Pay Prepetition*
19 *Taxes and Assessments and Granting Related Relief* [Docket No. 698] or in the ordinary course of
20 business and thus are fully satisfied. Each Claimant retains its non-bankruptcy remedies with respect to
21 post-petition tax claims.

22 (4) “MLX Claims” or “Engineering Advances Claims” based on prepetition refund obligations
23 asserted under one of the following of the Debtors’ customer programs: (1) the mainline extension and
24 interconnection programs (the “**MLX Programs**”) or (2) engineering advances when Customers apply
25 for new line extension or relocation projects, which are applied to the cost of the project (the
26 “**Engineering Advances**”). Refunds pursuant to the MLX Programs and Engineering Advances were
27 either paid by the Debtors pursuant to the *Final Order Pursuant to 11 U.S.C. §§ 105(a), 363(b), and*
28 *507(a)(7) and Fed. R. Bankr. P. 6003 and 6004 (I) Authorizing Debtors to (A) Maintain and Administer*

1 Customer Programs, Including Public Purpose Programs, and (B) Honor Any Prepetition Obligations
2 Relating Thereto; and (II) Authorizing Financial Institutions to Honor and Process Related Checks and
3 Transfer [Docket No. 843] (the “**Customer Programs Order**”) or are authorized to be paid in the
4 ordinary course going forward pursuant to the Customer Programs Order. Each Claimant retains its non-
5 bankruptcy remedies with respect to post-petition claims under the MLX Programs or Engineering
6 Advances.

7 (5) “Other Satisfied,” referring to claims that have otherwise been satisfied during the pendency
8 of these Chapter 11 Cases, in most cases by payments pursuant to an order granting one of the Debtors’
9 first day motions.

10 The Reorganized Debtors request that the Satisfied Claims be disallowed and expunged.

11 **IV. ARGUMENT**

12 **A. The Satisfied Claims Should be Disallowed**

13 Bankruptcy Rule 3007 permits a debtor to object to more than one claim if “they have been
14 satisfied or released during the case in accordance with the Code, applicable rules, or a court order.”
15 Fed. R. Bankr. P. 3007(d)(5). Bankruptcy Rule 3007(e) requires that an omnibus objection must list the
16 claimants alphabetically and by cross-reference to claim numbers. Each of the Satisfied Claims
17 identified on Exhibit 1 has been satisfied over the course of the Chapter 11 Cases. Furthermore, as
18 described above, each Claimant retains its non-bankruptcy remedies with respect to post-petition claims.

19 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
20 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections
21 Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of
22 the Satisfied Claims. The Reorganized Debtors request that the Court disallow the Satisfied Claims in
23 their entirety.

24 **B. The Claimants Bear the Burden of Proof**

25 A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.
26 § 502(a).² Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim

27 ² Under Section 7.1 of the Plan, the Reorganized Debtors have until 180 days after the Plan’s Effective
28 Date to bring objections to claims, which deadline may be extended by the Court.

1 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under
2 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to
3 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”
4 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*
5 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the
6 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*
7 (*In re Consolidated Pioneer Mortgage*) 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*
8 *Allegheny Int'l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff'd without opinion* 91 F.3d 151 (9th Cir.
9 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting
10 King, *Collier on Bankruptcy*); see also *Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039
11 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity*
12 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

13 As set forth above, the Reorganized Debtors submit that the Satisfied Claims already have been
14 satisfied over the course of the Chapter 11 Cases and therefore should be disallowed. If any Claimant
15 believes that a Satisfied Claim has not been satisfied in full, it must present affirmative evidence
16 demonstrating the validity of that claim.

17 **V. RESERVATION OF RIGHTS**

18 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
19 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
20 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
21 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,
22 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
23 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
24 grounds of objection specified herein be overruled or withdrawn, wholly or in part, the Reorganized
25 Debtors reserve the right to object to the Satisfied Claims on any other grounds that the Reorganized
26 Debtors may discover or deem appropriate.

VI. NOTICE

Notice of this Objection will be provided to (i) holders of the Satisfied Claims; (ii) the Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (iii) counsel to the Creditors Committee; (iv) counsel to Tort Claimants Committee; (v) all counsel and parties receiving electronic notice through the Court's electronic case filing system; and (vi) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice is required. No previous request for the relief sought herein has been made by the Reorganized Debtors to this or any other Court.

WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other and further relief as the Court may deem just and appropriate.

Dated: September 3, 2020

KELLER BENVENUTTI KIM LLP

By: /s/ Peter J. Benvenutti
Peter J. Benvenutti

Attorneys for Debtors and Reorganized Debtors